

12 MARCH 1947

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WITNESSES

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EXHIBITS

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690	2368		Affidavit of YOSHINO, Shinji dated 14 February 1947 at Tokyo, Japan		18202

1 Wednesday, 12 March 1947

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3
4 INTERNATIONAL MILITARY TRIBUNAL
5 FOR THE FAR EAST
6 Court House of the Tribunal
7 War Ministry Building
8 Tokyo, Japan

9 The Tribunal met, pursuant to adjournment,
10 at 0930.

11 - - -

12 Appearances:

13 For the Tribunal, same as before with the
14 exception of: HONORABLE MR. JUSTICE BERNARD, Member
15 from the Republic of France, not sitting.

16 For the Prosecution Section, same as before.

17 For the Defense Section, same as before.

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19 (English to Japanese and Japanese
20 to English interpretation was made by the
21 Language Section, INTFE.)
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1 MARSHAL OF THE COURT: The International
2 Military Tribunal for the Far East is now in
3 session.

4 THE PRESIDENT: All the accused are present
5 except OKAWA, TOJO and ARAKI, who are represented by
6 their respective counsel. We have certificates from
7 the prison surgeon at Sugamo certifying that the
8 accused ARAKI and TOJO are ill and unable to attend
9 the trial today. The certificates will be recorded
10 and filed.

11 Mr. Blewett.

12 MR. BLEWETT: Sir, I shall give the Court
13 the names, the office and the location of each
14 accused on September 18, 1931.

15 THE PRESIDENT: Mr. Comyns Carr.

16 MR. COMYNS CARR: Your Honor, we submit that
17 this is not a matter of evidence. The evidence is
18 already before the Tribunal with regard to that, and,
19 in the document which we handed to the Tribunal, a
20 chronological summary. That was done, not as a
21 matter of evidence, but as a matter of convenient
22 summary of existing evidence for the Court. If the
23 defense have any criticism as to the accuracy of the
24 list they are provided they can put it at the proper
25 time, but we didn't treat it as evidence. It isn't

1 evidence; it is an argument on evidence. We are
2 quite prepared to correct it if the defense can show
3 any particular in which it is wrong. But in my sub-
4 mission the defense are not entitled to take up the
5 time of the Court by putting in now as evidence
6 something which is not evidence.

7 THE PRESIDENT: Did you say you were going
8 to embody in this, or have embodied in this document
9 you are about to read, the contents of some thirty
10 exhibits tendered by the prosecution? The Court
11 would be only too happy to receive even at this time
12 anything that would help to reduce the number of
13 exhibits we must read to discover this information.
14 That was the impression I formed yesterday after
15 consulting my colleagues, and I said so at the time.

16 Now what do you propose to give us? One
17 document?

18 MR. BLEWETT: Sir, this is a list of the
19 accused on certain dates. This was compiled from
20 exhibits 103 to 129, which have been put in evidence
21 by the prosecution.

22 THE PRESIDENT: It is a summary of their
23 evidence? Have you written it all out?

24 MR. BLEWETT: Yes, sir, I have it listed.

25 THE PRESIDENT: Have you copies?

1 MR. BLEWETT: No, sir.

2 THE PRESIDENT: Well, how many pages does
3 it cover?

4 MR. BLEWETT: About eight pages, your
5 Honor. I think it would not consume more than a
6 half hour.

7 THE PRESIDENT: Does it cover all the infor-
8 mation in the prosecution's thirty exhibits, or
9 only some of it?

10 MR. BLEWETT: It is simultaneous transla-
11 tion. The Language Section has a copy of this.

12 THE PRESIDENT: Well, if you can get in
13 eight foolscap pages all the prosecution have in
14 some thirty exhibits there is some advantage in what
15 you are proposing.

16 Mr. Comyns Carr.

17 MR. COMYNS CARR: Your Honor, in my sub-
18 mission, if it is to be done at all it should be
19 processed and circulated so that we can check it, and
20 may I say at once that if, as my friend says, it is
21 based on exhibits 103 to 129 only, and ignores
22 exhibit 102, it will certainly be wrong.

23 MR. BLEWETT: It includes 102, sir, and
24 also the Indictment.

25 THE PRESIDENT: Well, I think we would

1 like copies, but I hate to ask you to go to the
2 trouble of providing copies, only to find the
3 evidence rejected later. I think, however, for the
4 time being you had better postpone this part of the
5 case and the Judges will consider what they are going
6 to do.

1 MR. BLEWETT: I shall work that out, sir.

2 If I may refer to defense document 635, the
3 chart of the various cabinet members, investigation was
4 made, if the Tribunal please, and we have ascertained
5 that the number of living cabinet members since 1927 to
6 1941 who have not been indicted are sixty-two in number.

7 THE PRESIDENT: That, by the way, is exhibit
8 2344.

9 MR. BLEWETT: Thank you, sir.

10 THE PRESIDENT: But, if it be material to
11 prove the number of living cabinet ministers, that
12 must be done by evidence in the ordinary way, and we
13 require, perhaps, certificates of death of those who
14 do not survive.

15 MR. BLEWETT: I can give a list of those
16 surviving on this chart, sir, if the Tribunal is
17 interested.

18 THE PRESIDENT: We would require at least
19 certificates of some sort.

20 MR. BLEWETT: They are all living, sir.

21 THE PRESIDENT: All those men who have been
22 cabinet ministers since '27?

23 MR. BLEWETT: I see what your Honor means.

24 MR. COMYNS CARR: Your Honor, in my submis-
25 sion it would be entirely irrelevant to do so, and I

1 hope that the Tribunal is not accepting the accuracy
2 of document 2344 until we have an opportunity of com-
3 menting on it.

4 THE PRESIDENT: That document was admitted
5 on the usual terms which preserves your right to attack
6 it for inaccuracy.

7 Well, you cannot prove the sixty-two are
8 living by merely stating the fact. You must prove
9 it in the ordinary way, if it be relevant and material.

10 MR. BLEWETT: We shall be prepared to do so,
11 sir.

12 For the time being, if the Members of the
13 Tribunal please, that will conclude subdivision 3 of
14 division one; and Mr. Logan, the chairman of that
15 committee, will resume.

16 THE PRESIDENT: Mr. Logan.

17 MR. LOGAN: Our next presentation was with
18 respect to the economic situation in Japan; but, owing
19 to certain difficulties we have had, we are unable to
20 present our documentary evidence, but we do wish to
21 present our witnesses at this time. The documentary
22 evidence will probably come some time later, if that
23 meets with the Tribunal's approval.

24 THE PRESIDENT: Are you going to open that
25 evidence now, Mr. Logan?

1 MR. LOGAN: From witnesses, yes.

2 THE PRESIDENT: You have a right to make an
3 opening statement covering each phase. Are you about
4 to make an opening statement?

5 MR. LOGAN: No. We will present the wit-
6 nesses. We have made our opening statement.

7 THE PRESIDENT: I do not recollect one
8 touching this particular phase, but I recollect the
9 general opening. However, you do not propose to have
10 a particular opening?

11 MR. LOGAN: That's right. This comes under
12 that general opening statement made at the beginning of
13 division 1.

14 THE PRESIDENT: Proceed to call your wit-
15 nesses.

16 Mr. SHIOBARA.

17 MR. SHIOBARA: May the witness YOSHINO be
18 called.

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YOSHINO

DIRECT

1 S H I N J I Y O S H I N O, called as a witness on
2 behalf of the defense, having first been duly
3 sworn, testified through Japanese interpreters
4 as follows:

DIRECT EXAMINATION

BY MR. SHIOBARA:

7 Q Please tell me your name, the date of your
8 birth, and your address.

9 A My name is YOSHINO, Shinji. I was born on
10 September 17, 1888. My present address is Shinagawa
11 Ku, Kamiosaki, Chojamaru 270.

12 Q Please give us a succinct statement of your
13 education and of the public offices you have occupied.

14 A I graduated from the Law College of Tokyo
15 Imperial University. As for my career, I was twice
16 connected with two companies: the Tohokukogyo and
17 the Manshujukogyo, the Manshu Heavy Industry Company.
18 And I have also served as prefectural governor. How-
19 ever, on the whole, I think I can safely say that my
20 whole career has been spent as an official of the
21 Commerce and Industry Ministry. The main posts which
22 I held in that office are as stated in my affidavit.

23 Q Mr. Liebert made a very long statement --
24 gave very long testimony in this court about Japanese
25 economy. Have you read it?

YOSHIINO

DIRECT

1 THE MONITOR: Economic preparations for war
2 in October of last year.

3 A Yes, I did.

4 Q I will show you document -- defense document
5 No. 690. Will you tell us if this an affidavit which
6 you have made yourself after reading and studying Mr.
7 Liebert's testimony and prepared in answer to it?

8 THE PRESIDENT: What is the delay due to?
9 Why the delay?

10 MR. SHIOBARA: I wish to read the affidavit
11 of the witness, if it is his and he is satisfied that
12 he has certified that it is his. The affidavit is not
13 here, and we have gone to fetch it, sir.

14 THE PRESIDENT: Well, you should have given
15 notice, and it would have been here.
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1 Q Then while we are waiting I would like to
2 put another short question to the witness. You have
3 stated that your curriculum vitae is contained in
4 your affidavit, but could you give us a very brief
5 outline of it here?

6 A I graduated from the university in 1913 and
7 immediately entered what was then called the Ministry
8 of Agriculture and Commerce as a junior clerk. In
9 1925 this ministry was remodeled into two departments
10 called the Ministry of Agriculture and Forestry and
11 the Ministry of Commerce and Industry.

12 Since entering the Ministry of Agriculture
13 and Commerce I served continuously in that ministry
14 and the Ministry of Commerce and Industry, sometimes
15 as section chief, sometimes as bureau chief, until
16 in 1936 I was appointed Vice-Minister of Commerce and
17 Industry.

18 I believe there has been a mistake in the
19 interpretation: In 1936 I resigned as Vice-Minister
20 of Commerce and Industry, and I was appointed as such
21 in 1931 -- 1927.

22 THE MONITOR: Correction. There has been a
23 mistake in the translation: I did not state that I
24 was appointed as the Vice-Minister of the Commerce and
25 Industry Ministry, but rather that I was appointed as

YOSHINO

DIRECT

1 Vice-Minister in 1927.

2 THE PRESIDENT: The Clerk of the Court informs
3 me that the affidavit of this witness has not been
4 filed in the office of the General Secretary, but
5 that it is now in the office of one of the defense
6 attorneys whom he named.

7 A In 1937 I was appointed Minister of Commerce
8 and Industry, and I resigned the following year, 1938,
9 May.

10 In the eight months between the time of my
11 resignation as Vice-Minister of Commerce and Industry
12 and my appointment as Minister of Commerce and Indus-
13 try I served as president of the Tohoku Kogyo Develop-
14 ment Company. And in 1938 I was appointed vice-
15 president of the Manchuria Heavy Industry Development
16 Company and served as such for two years, at the end
17 of 1938.

18 During the war I served as Governor of Aichi
19 Prefecture for two years.

20 That is the whole of my public career.

21 MR. SHIOBARA: I am very sorry of this delay
22 in getting the original, but the copies of the affi-
23 davit have been distributed to everybody.

24 MR. TAVENNER: If your Honor please, in the
25 interest of time we will not raise an objection to

YOSHINO

DIRECT

1 reading from the copy in lieu of the absence of the
2 original.

3 THE PRESIDENT: Proceed with the copy.

4 (Whereupon, a document was handed to
5 the witness.)

6 Q With the Court's permission, I have given
7 you a copy of defense document No. 960. Will you
8 please look at it, examine it, and tell us if this
9 is the affidavit you have made in reply to Mr. Lie-
10 bert's statement. Correction: 690.

11 A There is no mistake.

12 MR. SHIOBARA: I shall present the original
13 in a moment when it comes. I wish now to present in
14 evidence defense document 690, and read it.

15 THE PRESIDENT: Admitted on the usual terms.

16 Tender a copy with the consent of the prose-
17 cution. You can tender the original later.

18 CLERK OF THE COURT: Defense document No. 690
19 will receive exhibit No. 2368.

20 (Whereupon, the document above
21 referred to was marked defense document
22 No. 2368, and was received in evidence.)

23 THE PRESIDENT: He looks at a document handed
24 to him by the Marshal of the Court.

25 MR. SHIOBARA: I shall start reading this

YOSHINO

DIRECT

1 document from now. However, there is a correction
2 on page 12: The sixth line from the bottom where it
3 has "shipping charges," this should be corrected to
4 "ship building costs."

5 THE PRESIDENT: Was that a copy that was
6 handed to him? We don't know. The nature of every
7 document handled by a witness in the box must be
8 disclosed in the record. What is that document that
9 was handed to him by the Marshal? I don't know.

10 MR. SHIOBARA: The document handed to the
11 witness by the Marshal of the Court is the original
12 of the document 690 which has to be tendered.

13 THE PRESIDENT: I suspected that was so.

14 Now, you know that must be tendered. Ask him
15 whether that is the original and whether that is his
16 affidavit.

17 Q Mr. Witness, did you see the original?

18 A Yes, I did.

19 Q Is that your affidavit of which we have been
20 speaking up to now?

21 A Yes.

22 THE PRESIDENT: Well, tender it.

23 MR. SHIOBARA: I tender this document No. 690
24 in evidence.

25 CLERK OF THE COURT: It will bear the same

YOSHINO

DIRECT

1 number as the copy already tendered. Defense document
2 690 has received exhibit No. 2368.

3 MR. SHIOBARA: I shall begin reading.

4 THE PRESIDENT: We have no copies. Where
5 are the copies?

6 (Whereupon, copies of the document
7 were handed to the Court.)

8 MR. SHIOBARA: May I begin?

9 THE PRESIDENT: We all have copies. Proceed
10 to read.

11 MR. SHIOBARA: "Sworn Deposition. Deponent
12 YOSHINO Shinji. Having duly sworn an oath as on
13 attached sheet and in accordance with the procedure
14 followed in my country I hereby depose as follows:
15 On this 14 day of February 1947 at Tokyo.

16 "Deponent YOSHINO, Shinji (seal).
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YOSHINO

LIRECT

1 "Statement Refuting Mr. Liebert's Testimony.

2 "I entered the Ministry of Agriculture and
3 Commerce in 1913 as a junior clerk. (Later, in 1925,
4 this ministry was remodelled into two independent
5 departments, namely, the Ministry of Agriculture and
6 Forestry and Ministry of Commerce and Industry.)
7 Since then, I had been continuously in charge of
8 administrative affairs in the Commerce and Industry
9 Ministry until I resigned in 1936, as Vice-Minister
10 of Commerce and Industry. In 1937, I was appointed
11 Minister of Commerce and Industry and, as such, was
12 responsible for formulating and executing wartime
13 economic policies of our country for one year at the
14 outset of the China Incident. Therefore, I can safely
15 state that I was concerned either directly or indirectly
16 with almost all of the various economic policies
17 touched upon by Mr. Liebert in his testimony. I
18 understand that Mr. Liebert regards these policies as
19 acts preparatory for an aggressive war. Upon my part,
20 I will try to explain briefly the reasons pointing
21 to the contrary from the viewpoint of one of the
22 government officials of that period.

23
24 "I shall refrain from speaking here of the
25 matters subsequent to the outbreak of the China Incident, because of the fact that economic measures

YOSHINO

DIRECT

1 adopted after the outbreak of the Incident are indi-
2 cative of genuine wartime economy rather than of war
3 preparations. Notwithstanding the utmost efforts made
4 by the Government then to check the aggravation of the
5 Incident, the situation turned unfortunately from
6 bad to worse. Thus, it was only natural that the control
7 of various fields of domestic economy was being
8 tightened from day to day. Furthermore, having retired
9 from the service in 1938, I had no relation whatsoever
10 with the events which occurred thereafter. I will
11 explain the points raised by Mr. Liebert with regard to
12 our commercial and industrial policies prior to the
13 China Incident, dividing them for convenience's sake,
14 into two separate chapters.

15 "(1) Policy for the Establishment of Basic
16 Industries.

17 "With World War I as the turning point, great
18 changes had taken place in the relationship between
19 war and economy both in theory and practice. Even
20 previous to that, war was not wholly unrelated with
21 the economic power of a country especially in such
22 matters as food supplies, arms, ammunitions and mili-
23 tary expenditures. However, it was usual for a major
24 belligerent Power to be able by itself to cater to all
25 its needs within the limits of its own economic power,

YOSHINO

DIRECT

1 inasmuch as the scale of a war was smaller and
2 efficiency and quality of arms undeveloped. Had there
3 been shortages in some particular articles, it could
4 always avail itself of supplies from neutral countries
5 as there had never been a case of the entire world
6 being involved in the same war. For instance, Japan
7 fought the Russo-Japanese War relying on her loans
8 from the United States and Great Britain; in other
9 words, she fought on while importing materials necessary
10 for the prosecution of war. However, international
11 trade was completely interrupted in World War I as
12 the major powers of the world were practically all
13 involved in the tumult of the war. Battles which were
14 waged on an enormous scale called for the exhaustion
15 of all economic resources. Especially, the advent of
16 high explosives, aircraft and chemical arms such as
17 poison gas proved the existence of grave deficiencies
18 in the past military and naval armaments as a means of
19 national defence. Therefore, it became a matter of
20 common sense in formulating economic policies of a
21 country to strive at all costs for the building up of
22 necessary industries in order to guarantee its
23 independence and security. This practice which started
24 during war time remained as an important factor even
25 in the management of the postwar economy in every

YOSHINO

DIRECT

1 country. One would readily understand the inevita-
2 bility and reasonableness of the facts pointed out by
3 Mr. Liebert, if one recalled that the economic thought
4 prevalent and the policies adopted after World War I
5 were reflected in the practical measures taken by the
6 powers since that time.

7 "I shall try to explain a few instances on
8 the basis of Mr. Liebert's statement.

9 "a) Lyes and Glycerine.

10 "It was shown by the German dye industry in
11 the course of World War I that high explosives and
12 poison gases could be manufactured in the process of
13 making dyes. Prior to the war dye manufacturing was
14 monopolized by Germany, the rest of the world depending
15 on her for its supplies. Therefore, a decision was
16 adopted in 1917 at a conference among the allied powers
17 in Paris recommending the development of the dye
18 industry in various countries for the reason that,
19 although it was a belated step to be of any use in
20 that stage of the war, a monopoly of the world's dyes
21 market by the German dye industry could not be allowed
22 to continue as it would remain a menace to the world
23 peace. The powers suffered from a famine of dyes due
24 to the stoppage of the imports of German dyes while
25 the United States, Great Britain, France, Italy and

YOSHINO

DIRECT

1 Japan frantically pushed ahead their respective dye
2 industries. Established then in England was the
3 Government supported British Dyestuff Corporation
4 which, if my memory serves me right, later was merged
5 with the Imperial Chemical Company. In the United
6 States companies such as Dupont and the National
7 Aniline Co. were set up. Also in our country, which
8 was then in need of dyes as well as glycerine enacted
9 in 1917 a law called the 'Law for the promotion of the
10 manufacture of dyes and medicines.' On the strength
11 of this law the government set up two companies, one
12 for the manufacture of dyes and the other of glycerine,
13 which it guaranteed against all losses and for the
14 payment of an 8 per cent dividend on their paid up
15 capital. This method of guarantee was continued until
16 after the war. Even after the expiration of the term
17 of ten years of governmental support, subsidies per
18 unit were paid to the dyes produced. It is a well-
19 known fact that both the United States and Japan
20 enforced the import license system when they again
21 imported German dyes after the termination of the war.
22 For its inception the Japanese dye manufacture is
23 indebted to the policies of protection and encourage-
24 ment, however lukewarm they may have been. That it
25 would be turned into an arsenal of chemical arms in

YOSHINO

DIRECT

1 case of war was a foregone conclusion since the time
2 of its establishment. The same applies to the case
3 of glycerine. The production of glycerine was negli-
4 gible before the war since it was made only as a by-
5 product of the manufacture of soap and the bulk of
6 the demand was met by imports from abroad. Hence
7 the manufacture of glycerine had to be started by
8 dissolving fatty acids using as the basis beef tallow
9 imported from Australia. This was easily done as the
10 process was not so difficult technically as compared
11 with the manufacture of dyes, so much so that the pay-
12 ment of government subsidies was discontinued before
13 the expiration of the ten-year term. However, coagulated
14 fish oil was later used as the raw material for manu-
15 facturing fatty acids, as it was considered prejudicial
16 to national defence to depend on the supply of beef
17 tallow from abroad. Since fish oil could be obtained
18 in large quantities from inshore fisheries, it was
19 decided to export it abroad in peace time and use it as
20 the basis for the manufacture of glycerine in case of
21 an emergency. Therefore, it was only natural that
22 the production of glycerine was boosted following
23 the outbreak of the China Incident as the wartime
24 economy developed in Japan.
25

"b) Iron Production.

YOSHINO

DIRECT

1 "The establishment of the iron industry was
2 a pending question in our country since the restoration
3 of 1868, as it is an industry so basically important
4 among the industries of a nation that the modern
5 period following Industrial Revolution, has also been
6 called the 'era of iron and coal.' This, however, was
7 a difficult task for our country which had little iron
8 ore and coal resources for the manufacture of iron.
9 The Japanese iron industry went through successive
10 changes from the time of the inauguration of the
11 Yawata Iron Works after the Sino-Japanese War to 1933
12 when the Japan Steel Manufacture Co. was established.
13 It would suffice to mention here the fact that the
14 Japan Steel Manufacture Co. was not found in a single
15 day, as I cannot afford to recount here in detail the
16 history of the iron industry in Japan. The Law for the
17 Promotion of Iron Manufacture, providing for special
18 privileges and the power for compulsory use of land to
19 protect the iron industry, has been enacted since 1917
20 when a dearth of iron occurred due to World War I.
21 As early as in 1916, the government instructed the
22 Board of Investigation of Iron Manufacture to coordinate
23 the governmental and civilian iron productions despite
24 the fact that the development of the civilian iron
25 industry was still negligible as yet. A report was

YOSHINO

DIRECT

1 made by the Board of Investigation of Emergency
2 Financial and Economic Affairs, during the period of
3 the financial depression, brought about as an aftermath
4 of World War I, recommending that large-scale
5 joint-management of the governmental and civilian iron
6 foundries should be made with the Yawata Iron Works as
7 its nucleus. In the meantime, the government's basic
8 policy towards the iron industry changed. Utmost
9 importance was first attached by the Government to
10 iron manufacture relying on pig iron imported from the
11 Chinese Han Yeh Pin Corporation. Later, a complete
12 process of steel manufacture was adopted in view of
13 economizing fuel and obtaining by-products such as
14 gas and tar.

YOSHINO

DIRECT

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1 It was not a long time ago that a full-fledged iron
2 industry was finally established in Japan when
3 arrangements had been made to import coal and coke
4 from China and iron-ore from Korea, China and the
5 South Seas. The Extraordinary Industrial Council,
6 which met in 1930 to discuss measures to overcome the
7 prevalent economic depression, decided in conclusion
8 to set up a single iron manufacturing company by
9 amalgamating the government-owned Yawata Iron Foundry
10 and civilian iron foundries mainly manufacturing pig
11 iron or ordinary steel materials. It was thus that
12 the Japan Iron Manufacturing Company came into being.

13 "c) Petroleum

14 "The output of petroleum in our country during
15 the period between World War I and the beginning of
16 the Showa Era (TN. 1926 and later years) was only about
17 300,000 kilolitres. Even so, the demand for petroleum
18 in our country in 1910-1920 was not so great that until
19 1920 Japan could meet half of her domestic demands
20 with her home production. However, the demands for
21 petroleum, especially benzine, increased considerably
22 along with the popularization of automobiles and the
23 development of the manufacture of rubber and grease.
24 With the production of petroleum at home remaining on
25 the former level, its proportion against the domestic

YOSHINO

DIRECT

1 demands became nothing but a trifle in recent years.
2 Therefore, the government conducted, after World
3 War I, various studies and investigations of measures
4 for obtaining an adequate supply of petroleum and
5 had the necessary installations made. Subsidies paid
6 for encouraging the prospecting of oil deposits
7 since 1900 when a geological survey was conducted and,
8 with a view to making studies in liquid fuels, the
9 Fuel Research Institute was set up as a governmental
10 organization whose mission was to conduct researches
11 in low temperature carbonization and coal liquefaction.
12 No way was found, however, to alter the fact that the
13 main portion of the oil supplies had to be imported
14 from abroad in order to satisfy the domestic demands.
15 But the importation of gasoline particularly was con-
16 trolled practically by the American Standard Oil
17 Company and the British Rising Sun Petroleum Company.

18 "There have also been established recently
19 petroleum refineries which rely on imported crude
20 oil. A strange phenomenon was presented in about
21 1932, when the retail price of gasoline in Japan be-
22 came cheaper than in any other market in the whole
23 world, as both Japanese oil refineries and the
24 American and British companies held large stocks
25 of gasoline and competed intensely among each other.

YOSHINO

DIRECT

1 "Competition between the Japanese and
2 foreign companies soon ended following the conclusion
3 of a mutual agreement between them. But in 1933, there
4 appeared again signs of excessive competition among
5 oil dealers, as the importation of gasoline from
6 Soviet Russia was started anew. Although a cheap
7 price of gasoline was welcome, it would ultimately
8 have proven disadvantageous to the consumers if the
9 market were plunged in confusion due to extreme
10 over-stocking and competition. The Law for the Pet-
11 roleum Industry was therefore enacted in 1934 with
12 a view to stabilizing the oil market. This law
13 stipulated, on one hand, that the government would
14 guarantee to the existing oil refineries and importers
15 the protection of their vested business interests
16 but, on the other hand, it made them bear certain
17 obligations towards the government, one of them
18 being that of keeping stocks. Originally dealers held,
19 as a rule, stocks of oil sufficient to cover about
20 three months in order to ensure smooth operation of
21 their business. However, it was ordered that this
22 be increased to a six-months supply, but there was not
23 a single reason given that it was for military purposes.
24 The purpose was to ensure a sufficient supply for the
25 domestic industries. To order the dealers to retain

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1 a certain fixed quantity under certain specified
2 conditions followed the example of French legislation.
3 At any rate, inasmuch as our petroleum market was
4 under the control of foreign petroleum, if, in
5 case our supply is cut off by some circumstances,
6 it would place our country into very great difficul-
7 ties. Although possession in stock of a six-month
8 supply does not necessarily mean that the stock
9 would ensure security, the idea was nothing more
10 than that in the meantime further supplies could be
11 obtained. As it was thought by the legislative
12 authorities that the importation of Soviet gasoline
13 would make the two Anglo-American companies momentarily
14 feel uneasy, the policy would be to permit, in
15 principle, importers to monopolize the importation
16 of petroleum in the future which would induce them
17 to gladly keep a three-month stock.

18 "However, upon the enforcement of the law,
19 it became clear that the two Anglo-American companies
20 would not agree to keep stocks over and above what
21 they already had from the standpoint of their business
22 requirements. Thus the dilemma was confronted that
23 the law would be ignored and that furthermore if we
24 could not have the two companies import oil, we would
25 face difficulty. Thereupon, representatives were sent

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1 by the head offices of the Anglo-American companies
2 to Tokyo where frequent negotiations were conducted.
3 As a result, a compromise was reached whereby the
4 two companies also would keep a six-month supply in
5 stock as provided by the law but the government would
6 pay, in return, the cost of the petroleum, cost for
7 the construction of oil tanks, cost of depreciation
8 of the oil during the said period, cost of insurance,
9 interest, etc. Even in case of negotiations with
10 the Ministry of Finance in connection with the payment
11 of the costs, the purpose of stocks referred to above
12 would be based upon industrial requirements. If the
13 purpose were military, then the request would be
14 made out of the Army and Navy expenditures. It was
15 the opinion of the then Finance Minister, the late
16 TAKAHASHI, Korekiyo that a request for funds under
17 the guise that it would be used for national defense,
18 hiding behind the government department in charge of
19 the industrial matters, cannot be permitted. That
20 was the reason why the costs referred to were included
21 in the appropriations assigned to the Ministry of
22 Commerce and Industry.
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1 "d) Construction of good ships.

2 "I was connected with the program for dis-
3 mantling old ships and building superior vessels en-
4 forced in 1932 as a member of the committee formed
5 for that purpose, although the matter was princi-
6 pally under the charge of the Communications Ministry.
7 Prior to this and during the time of depression after
8 1929, investigations had been made by the Commerce
9 and Industry Ministry with a view to rationalizing
10 the shipbuilding industry. In my understanding, the
11 shipbuilding industry does not limit itself only to
12 the construction of the ship itself but is also
13 linked with numerous other industries because of the
14 necessity of installing various equipments in the ship's
15 interior, which fact makes it a composite industry.
16 Therefore, the rise or fall of the shipbuilding in-
17 dustry affects, needless to say, shipyards as well as
18 a number of other industries, particularly hard hit
19 among them being medium and small-scale industries.
20 According to the result of the special studies con-
21 ducted in those days, it became known that more than
22 half of the shipping charges were being spent for
23 the benefit of industries other than shipbuilding.
24 Therefore, the problem whether or not there is work
25 in the shipyards is closely related with the problem

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1 of unemployment in other industries. It was from
2 this point of view that the program for dismantling
3 old ships and building modern and superior vessels
4 was formulated in 1932. It was only natural that
5 the policy of building modern and superior vessels
6 was adopted inasmuch as the shipping charges con-
7 stituted an important element for maintaining our
8 international trade balance as a source of revenue
9 other than from ordinary trade. The same explanation
10 can be given to the case of the enforcement by Eng-
11 land of the Trade Facility Act in 1921. The said law
12 provided from the viewpoint of the prevention of
13 unemployment, for the government's guarantee of pay-
14 ment covering both the principal and interest of the
15 loans raised by the shipbuilding companies. Before
16 the law was abolished in 1927, the government had
17 guaranteed for the loans totaling 74,251,780 pounds,
18 of which more than 21,600,000 pounds or about thirty
19 per cent were raised by civilian shipyards, ranking
20 first among the companies. I believe that this
21 example is ample proof of the importance attached to
22 the shipbuilding industry as a means to cope with the
23 depression and to give relief to unemployment.

24 "2. Measures for Rationalizing the Industries.

25 "The movement for the rationalization of the

1 industries was started in our country in 1930-1931
2 following the world-wide depression of 1929. In those
3 days, it was not a problem which merely concerned our
4 country but was an economic policy common to all the
5 countries in the world including Britain, the United
6 States, Germany, France and Italy. Our country was
7 rather late in following suit and the measures which
8 we enforced were modeled after those of other coun-
9 tries. I cannot afford to idle away time here in
10 explaining fully the basic ideology of industrial
11 rationalization, suffice to say, it was a problem
12 of readjusting industries which had sprung up in
13 all countries like so many mushrooms after the rain
14 during World War I. All the belligerent powers had
15 not only expanded their existing industries but also
16 had set up new industries, as best they could, in
17 order to produce various articles for the supply of
18 which they had depended on other countries prior to
19 the war. This tendency was not limited only to the
20 belligerent powers, but neutral powers and also to
21 adopt economic policies of self-sufficiency as the
22 result of the complete paralyzation of international
23 trade. As a result, world economy was confronted when
24 the war ended, with extremely excessive supplies as
25 compared with the demands. In addition to it, the

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1 purchasing power of the countries had been decreased
2 tremendously due to wartime dissipations.

3 "Therefore, it was incumbent upon the world
4 powers then to adopt new economic policies whereby
5 to readjust and wind up war industries. The execu-
6 tion of such policies, however, would have given rise
7 to severe unemployment in various fields of industries.
8 It was something that the statesmen of a country were
9 utterly unable to do at a time when the current of
10 labor unrest was sweeping all over the world. Hence,
11 efforts to maintain industrial equipments and instal-
12 lations, expanded or commenced during the time of the
13 war, were made at unreasonable costs. The universal
14 economic principle of 'Give and Take' was not ob-
15 served any more by the powers which now followed the
16 policy of 'Take and Take.' One would readily under-
17 stand the situation which prevailed if one recalled
18 measures taken by the countries at that time in order
19 to encourage the use of domestic products. In England,
20 even postage stamps bore a slogan discouraging foreign
21 products and which branded those using foreign articles
22 as 'traitors.' Our country also followed suit by
23 starting in the late 1920's, a movement for the pro-
24 motion of the domestic industries and use of home
25 products."

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1 THE PRESIDENT: That will do for the time
2 being. This, of course, is not merely a statement
3 of fact; it is an argument; and we must decide
4 matters that this witness purports to decide for us.
5 That will be understood, even in the absence of an
6 objection by the prosecution.

7 We will recess for fifteen minutes.

8 (Whereupon, at 1045, a recess was
9 taken until 1100, after which the proceedings
10 were resumed as follows:)

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1 MARSHAL OF THE COURT: The International
2 Military Tribunal for the Far East is now resumed.

3 THE PRESIDENT: Mr. SHIOBARA.

4 MR. SHIOBARA: (Reading continued)

5 "It was then that we realized afresh the
6 necessity for firmly establishing the manufacturing
7 industries which would become the foundation of all the
8 industries of a country. Discussions were made of the
9 measures aimed at establishing such industries as iron
10 manufacturing, air nitrogen fixation, ball bearing,
11 soda ash and petroleum. In spite of desperate efforts,
12 however, there appeared no prospects of recovery, as it
13 was a case of economic depression resulting from a
14 disparity between demand and supply, excessive supply,
15 and over-capitalization of the industries. Especially
16 the peculiar feature of our industry was that it largely
17 depended on the numerous medium-and small-scale manufact-
18 urers for the production of articles for export. It
19 is a well-known fact that some overseas markets were
20 once plunged into such confusion due to reckless com-
21 petition that vigorous complaints were made by the dealers
22 of Japanese goods abroad. Although it seemed superficially
23 true that the cheaper the articles importers buy, the
24 greater would be their profits, it was not necessarily
25 so, for the Japanese articles, which the importers thought

1 were bought at a cheap price, would be undersold by still
2 cheaper articles that would flow into the market a short
3 while later, thus incurring ultimate loss to the earlier
4 importers. Japan was flooded then with complaints, coming
5 from all over the world, for tagging unnecessarily low
6 prices to her goods and with requests to give them even
7 if higher, more stable prices to her export articles.
8 Japan was thus confronted with the necessity to maintain
9 order at least among those of the medium-and small-scale
10 industrialists who were manufacturing important export
11 items and to suppress reckless and excessive competition
12 among them. However, we were reluctant to allow the
13 government's authority to interfere wantonly with popular
14 economic activities, in as much as our successive cabinets,
15 since the Meiji era, had been observing the principle of
16 Free Industry as their golden rule. As a result, the
17 system of the industrialists' associations was devised
18 with a view to maintaining order in the same line of
19 trade. Nevertheless, even when the majority of the
20 industrialists had reached an agreement of views, there
21 always remained a handful or perverse heretics, who,
22 far from opposing the agreement itself of the association,
23 hoped inwardly for the materialization of the agreement
24 among the members of the association to act freely as
25 'outsiders' and reap unreasonable profits by taking

1 advantage of the control enforced by the associations.
2 It may be said that they formed a sort of 'parasitic
3 industry.' Therefore, it became unavoidable to exercise
4 the government's authority to cope with such practice, for,
5 had it been left unrestrained, order could not be
6 maintained in the fields of medium-and-small-scale indus-
7 tries nor their wholesome development expected.

8 "It was purely in this sense that control was
9 enforced on the association system. It aimed, namely,
10 at compelling the minority that has not joined the
11 association to comply with the agreement of the association
12 in cases where the majority of the members autonomously
13 concluded an agreement in order to maintain order and
14 stability within the field of their own industry.
15 Simultaneously, a policy was adopted whereby the state
16 supported the community institutions of the association
17 so that the industrialists would benefit by joining the
18 association also in respect to their individual business
19 managements. At the outset, this policy was applied
20 exclusively to the medium-and small-scale manufacturers
21 of important export articles. However, shortly after
22 the enforcement of the said system, it became known
23 that the distinction between the products for domestic
24 use and those for export purposes was not necessarily
25 clear and that excessive competition among medium-and

1 small-scale manufacturers of the articles for domestic
2 use also tended to bring about harmful confusion in the
3 field concerned. The law was, therefore, revised so as
4 to make it applicable without distinction to all medium-
5 and small-scale industries. Meanwhile, the government
6 assumed in the beginning an attitude of *laissez-faire*
7 towards comparatively large-scale industrialists, as it
8 took the view that they would be different from the
9 medium-and small-scale industrialists who had little
10 culture, technique, and experience, and that, if they
11 wished to avoid the harms of wanton competition, the
12 large-scale industrialists should and would arrange
13 their matters by their own hands. While the worldwide
14 economic depression was being aggravated with the year
15 1929 as the turning point, Japan, on her part, adopted
16 a number of counter-measures, including the lifting of the
17 gold embargo, which, however, resulted momentarily
18 in a complete suffocation of our industrial activities.
19 Just then, the government was going ahead with its efforts
20 for industrial rationalization and assisting in various
21 ways the large-scale industries such as ship-building,
22 fertilizer, electricity, machines, iron and cement,
23 in effecting their liquidation, joint-management or
24 merger. But none of such efforts brought about a satis-
25 factory settlement owing to diverse reasons. It was then

1 that the government came to take the view that the state
2 should exercise its authority also on the large-scale
3 industries at the time of an economic crisis. Under those
4 circumstances, the Law For The Control of Vital Industries
5 was enforced in 1931. Judging from its name, the said
6 law seems to be strongly tinted with the ideology of
7 Totalitarian economy, but, by examining its content, one
8 finds that it is not so in the least.

9 "This law aimed, as a whole, at the controlling
10 of medium-and small-scale industries and at voluntary
11 agreement among the industrialists in the same line of
12 trade. It was based upon the principle that the state
13 would intervene with its authority to control the minority
14 of the industrialists only when it did not comply with
15 the desires of the majority. It was not, therefore,
16 purported to allow the wielding of the authority of the
17 government in order to satisfy the needs of the national
18 policies against the desires of the majority of the
19 industrialists. It was, it may also be said, a measure
20 for promoting cartels. Opinions are divided as to whether
21 cartels should be supported or discouraged and every
22 country has its own practical policy which may differ
23 from that of any other country. Whereas the United
24 States government placed the trusts under a strict control
25 since the enactment of the Sherman Act prohibiting the

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1 trusts, The National Industry Recovery Act enforced by
2 President Roosevelt openly announced the government's
3 support and protection of the trusts and cartels as a
4 means to overcome the emergency. The European countries
5 are generally prepared both for supporting and controll-
6 ing them according to the circumstances.

7 "With respect to the cartel question, the Japanese
8 government drafted cartel legislation, generally using
9 as reference, studies made and published by the League
10 of Nations. Among the stipulations in the law for the
11 control of vital industries, there are stipulations for
12 the control of cartels in addition to those for their
13 promotion. The order for the registration of control
14 agreements are in line with the idea of giving them
15 due publicity. It appears as to be nothing more than
16 registration, but as a matter of fact it follows the
17 principle of the Clayton Act in the United States which
18 seeks to expose such matters widely to public opinion
19 and criticism by giving publicity to the contents of such
20 measures, a step which is considered to be more preferable
21 than control of penalties. Plan for industrial ration-
22 alization in our country, especially the various plans
23 in connection with the control of enterprises, follows
24 the orthodox methods practiced by the various countries
25 since the World War I and does not, in any way, deviate

1 from those methods. The establishment of the Special
2 Measures Law of 1937 concerning import and export restrict-
3 ions falls into an entirely different category. This is
4 a basic law for the enforcement of war-time economy. A
5 number of war-time economic laws were created on the
6 basis of the foregoing law, but this is a measure adopted
7 by other countries as well out of the compelling necessities
8 of the war and requires no explanation."

9 That is all. You may cross-examine.

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THE PRESIDENT: Brigadier Quilliam.

1 BRIGADIER QUILLIAM: May it please the
2 Tribunal, I assume that there is no further exam-
3 ination or cross-examination on the part of the
4 defense.

5 THE PRESIDENT: Your assumption appears to
6 be correct.

7 CROSS-EXAMINATION

8 BY BRIGADIER QUILLIAM:

9 Q Witness, I want to draw your attention
10 to a sentence from your affidavit commencing at
11 the bottom of page 1. It is as follows:
12

13 "I shall refrain from speaking here of
14 the matters subsequent to the outbreak of the China
15 Incident because of the fact that economic measures
16 adopted after the outbreak of the incident are
17 indicative of genuine war-time economy rather than of
18 war preparations."

19 Now, Witness, when you refer to genuine
20 war-time economy there, may I take it that you are
21 referring to the war in China?

22 A Yes, I use the word "genuine war economy"
23 in connection with the China Incident.

24 Q And you meant that all economic measures
25 after the China Incident had reference to the war

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1 in China?

2 A What I have written in my affidavit pertains
3 to the one year that I was in the office of Minister
4 of Commerce and Industry with respect to the plans
5 and policies taken by that ministry during my tenure
6 of office, and generally my statements in the affi-
7 davit were written with reference to the statements
8 made by Mr. Liebert. To the extent that the matter
9 was treated in the statement given to this Tribunal
10 by Mr. Liebert, I explained our economy as being
11 a war-time economy, and therefore it does not
12 necessarily mean that the economic policies taken
13 during this one year are entirely of a war-time
14 nature, that is, the policies taken by the govern-
15 ment.

16 Q Very well.

17 Now, you were familiar, were you not, with
18 the various production plans that were made during
19 the year 1937?

20 A I do not recall very definitely as to what
21 particular plan or plans were taken in the year
22 1937, that is, war-time production plans, but I
23 do know that various plans were made in the face of
24 war-time necessity -- for instance, with reference
25 to the production of synthetic petroleum, that is,

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1 the increase in the production of synthetic pe-
2 troleum.

3 Q And you remember the war officers' plan
4 for the production -- the 5-year Plan for the produc-
5 tion of important war materials?

6 A I do not know.

7 Q Do you remember that being referred to
8 frequently in Mr. Liebert's statement?

9 A Yes, I frequently noticed that in the
10 statement of Mr. Liebert, and also a number of
11 references to 5-year plans; but I do not have any
12 recollection whatsoever of having been associated
13 with a 5-year Plan as the responsible head of the
14 Ministry of Industry and Commerce.

15 Q Very well, I will bring that to your notice
16 later.

17 Now I want to draw your attention to a
18 speech made by the accused SATO on March 10, 1942.

19 BRIGADIER QUILLIAM: This is exhibit 849,
20 if the Tribunal pleases.

21 Q Do you remember that speech?

22 A I do not have any recollection.

23 Q It was made on the Army Day commemora-
24 tion in 1942. Does that refresh your memory?

25 A I do not know.

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1 Q All right. I will read you a portion of
2 that speech from page 5, at the bottom of the page.

3 THE PRESIDENT: Are you going to adopt Sir
4 Charles Russell's formula: Would you be surprised to
5 know that SATO said this? It is very question-
6 able.

7 BRIGADIER QUILLIAM: May it please the
8 Tribunal, I thought he would know, but it is
9 immaterial for my purpose whether he had heard the
10 speech before or not.

11 THE PRESIDENT: Very well.

12 BRIGADIER QUILLIAM: I will read the follow-
13 ing extract:

14 "In 1936 our army formulated a national
15 defense plan, for the army felt keenly the necessity
16 of expanding armaments and productive power in order
17 to secure and develop the results of the Manchurian
18 Incident. As the expansion of armaments and rearme-
19 ment by the European Powers were to be completed by
20 1941 or 1942, we anticipated an international crisis
21 at about that time. Therefore, considering it
22 necessary to complete by every means possible the
23 expansion of our armaments and productive power by
24 1942, we decided to effect a great expansion by
25 means of a six-year armament plan for the period

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1 1937 to 1942, and a five-year production expansion
2 plan for the period 1937 to 1941."

3 May it please the Tribunal, I had hoped
4 that I would be able to read the whole of this
5 extract in one reading. I thought that the trans-
6 lation section would be able to deal with it, as
7 they were given notice that I was going to use this
8 exhibit.

9 THE MONITOR: Brigadier Quilliam, we can,
10 sir, except that we have to know where you will
11 start and where you will end in that case. If you
12 will tell us that we will have it put on the I.B.M.
13 and have it read simultaneously. Can you tell us
14 that now?

15 THE PRESIDENT: They want the pages of the
16 Japanese text, I suppose.

17 BRIGADIER QUILLIAM: I began at the bottom
18 of page 5.

19 THE MONITOR: Yes.

20 BRIGADIER QUILLIAM: And I am going to the
21 end of that paragraph, on page 6, to the words "a
22 rough estimate."

23 THE MONITOR: Thank you, sir.

24 Is that all?

25 BRIGADIER QUILLIAM: That is all.

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1 (Continuing) "In 1937, the first year of
2 this plan, the Lukouchiao Incident broke out."

3 THE MONITOR: Just a minute, Brigadier
4 Quilliam; the sound engineer is adjusting the
5 machine. All right.

6 BRIGADIER QUILLIAM: I will repeat those
7 words: "In 1937, the first year of this plan, the
8 Lukouchiao Incident broke out. What worried us
9 most was the fear that this incident might cause the
10 break-down of our Armament Expansion Plan and the
11 Five-Year Production Expansion Plan. So we decided
12 to see that the Chinese Incident would not end in
13 a war of attrition to our side. Accordingly,
14 generally speaking, we spent 40% of our budget on
15 the Chinese Incident and 60% on armament expansion.
16 In respect to iron and other important materials
17 allotted to the army, we spent 20% on the Chinese
18 Incident and 80% on the expansion of armaments. As
19 a result, the air force and mechanized units have
20 been greatly expanded and the fighting power of the
21 whole Japanese Army has been increased to more than
22 three times what it was before the China Incident.
23 I believe that our Navy, which suffered very little
24 attrition in the China Affair must have perfected
25 and expanded its fighting power. Of course, produc-

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1 tive power of the munition industry has been ex-
2 pended 70 to 80% at a rough estimate."

3 Q Witness, do you now recall anything of
4 that speech?

5 A I do not.

6 Q Having heard that extract read, do you
7 still say that the economic plans adopted after the
8 outbreak of the Incident are indicative of genuine
9 war-time economy rather than of war preparations?

10 A As I have said before, my affidavit has
11 been prepared viz a viz the statement given by Mr.
12 Liebert, and that is the primary purpose of my affi-
13 davit, and that after the outbreak of the China
14 Incident I state that we entered a period of war-
15 time economy -- a genuine war-time economy.

16 Now, the speech with reference to the 5-
17 year Plan given by SATO is an entirely separate ques-
18 tion, and so far as I know, I don't know of any
19 5-year Plan during my tenure of office as Minister
20 of Commerce and Industry, and we did not have any
21 competence to formulate any production plans with
22 reference to purely national defense matters; we,
23 that is to say, the Commerce and Industry Ministry.

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1 Q Did you not know of the outline of the five
2 year plan for production of war materials dated
3 June 23, 1937 produced by the War Office?

4 A That matter has been referred to a number
5 of times in Mr. Liebert's statement but it is entirely
6 new to me. Although I do not feel that I am unaware
7 of events, still it was for the first time that I
8 heard of such a plan when I saw Mr. Liebert's state-
9 ment.

10 Q Did you consider what Mr. Liebert said
11 about it?

12 A Yes, I read it but I am not familiar with the
13 subject matter as treated by Mr. Liebert. I have
14 merely been asked by the defense to give my opinions
15 of facts with respect to the statements made by Mr.
16 Liebert in so far as they relate to me as Minister
17 of Commerce and Industry during the period that I held
18 that office.

19 THE MONITOR: And I prepared my statement
20 with emphasis on what I knew.

21 Q Do you mean to say, Mr. Witness, that in
22 preparing your statement you disregarded matters like
23 this five year plan?

24 A No, I didn't disregard it. I saw it, I read
25 it, but I have only touched upon such matters as were

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1 directly connected with me when I was holding this
2 office and inasmuch as I wasn't directly connected
3 with these matters I didn't touch upon them because
4 I felt that I wasn't in a position to speak about them
5 authoritatively. May I add just a word? The Ministry
6 of Commerce and Industry is in charge of administra-
7 tion of manufacturing and industries but not all of
8 the industries and manufacturing in Japan. For instance,
9 ship building was in the hands -- was under the juris-
10 diction of the Ministry of Communications while the
11 manufacture of aircraft was entirely outside of the
12 competence and jurisdiction of any economic ministry.

13 Q Witness, at the moment I am not concerned with
14 whether these plans came under your ministry or not.
15 Is that clear ?

16 A Yes.

17 Q What I am concerned about is this: that you
18 have come along ~~here prepared~~, you say, to refute
19 Mr. Liebert's testimony. That is so, isn't it?

20 A Well, you have used the word "refute" but
21 my purpose in writing my affidavit was to point out
22 the facts with which I was personally directly or
23 indirectly connected with and by doing so to point
24 out any errors in fact that existed in Mr. Liebert's
25 statement.

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1 Q Witness, I have used the word "refute"
2 because that is the word you used in your statement.
3 Is that clear?

4 THE MONITOR: Brigadier Quilliam, in the
5 Japanese text the word "refute" is not there. It just
6 says statement vis-a-vis Mr. Liebert's statement which
7 is translated into English as "refute".

8 A That seems to be a language question. I
9 have read Mr. Liebert's statement in its entirety and
10 there are many matters and far-reaching matters with
11 which I have never been personally connected with and,
12 therefore, I have never throughout my affidavit used
13 the word "refute." I have constantly said -- mentioned
14 my position -- my statements vis-a-vis Liebert's state-
15 ment. And, therefore, I have said that I am only dis-
16 cussing matters with which I was personally and directly
17 connected with and that I am merely trying to point out
18 facts in which I find myself at variance with that of
19 Mr. Liebert. In the final analysis it may amount to
20 the same thing but at least my position is that I
21 am not trying to refute but trying to point out the
22 mistakes.

23 Q The point I am interested in is this: Am I
24 to understand that you do not attempt in any way to
25 deal with the five year plan mentioned in Mr. Liebert's

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1 statement? Is that so?

2 A This is a matter with regard to which I have
3 not only no recollection but no knowledge and so if
4 questions pertaining to them were asked me I should
5 think I should be unable to answer them.

6 Q But before coming here you made no attempt
7 to find out what was in those plans?

8 A That I didn't do at all because I didn't have
9 any data in the first place and I have no knowledge of
10 it.

11 Q And yet you say in your statement that you were
12 concerned either directly or indirectly with almost
13 all of the various economic policies touched upon by
14 Mr. Liebert in his testimony.

15 A Perhaps explanations were insufficient in
16 that regard but what I meant to say was that as an
17 administrative officer I was referring to matters to
18 which I was either concerned as an administrative
19 officer in connection with matters pointed out by
20 Mr. Liebert in his statement as an administrative
21 officer of the Ministry of Commerce and Industry.

22 BRIGADIER QUILLIAM: Under those circumstances,
23 if it please the Tribunal, I will not proceed with
24 the cross-examination.

25 THE PRESIDENT: Perhaps you might point out

1 in Mr. Liebert's statement where Liebert dealt with
2 SATO's exposition of the five year plan. Unless this
3 man knew the five year plan he couldn't purport to
4 speak with any assurance on Japanese economy during
5 that period.

6 BRIGADIER QUILLIAM: I thought that a witness
7 who came along here to deal with Mr. Liebert's evidence
8 would at least have taken the trouble to understand
9 the basic features underlying Mr. Liebert's evidence,
10 and I was amazed to find, if it please the Tribunal,
11 that although in Mr. Liebert's evidence the extract
12 from SATO's speech is quoted and given point apparently
13 the witness has never heard of it.

14 THE PRESIDENT: Captain Brooks.

15 MR. BROOKS: I think if the counsel will
16 not get unduly excited about this you will find there
17 will be another witness that will take up a subsequent
18 period and reference to page 1 of the witness' testi-
19 mony, the second paragraph says he is talking of the
20 matters prior to the outbreak of the China Incident
21 of which he has knowledge and there will be other
22 witnesses who will take up this matter and deal with
23 it.

24 THE PRESIDENT: Captain Brooks, you should
25 have left that to Mr. SHIOBARA. Unfortunately we do

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1 not know when you come to the lectern what you are
2 going to talk about.

3 BRIGADIER QUILLIAM: We assumed, may it please
4 your Honor, that the Minister of Industries and
5 Commerce during the year 1937, when these plans were
6 being put into effect, would be able to give this
7 Tribunal some assistance.

8 MR. SHIOBARA: I think it is asking too much
9 to expect this witness to speak about the five year
10 plan inasmuch as he had no personal connection what-
11 soever with it. With respect to this question, the
12 defense expects to have the witness OKADA, Kikusubaro
13 appear as a witness to testify.

14 No redirect, your Honor.

15 THE PRESIDENT: The witness is released on
16 the usual terms.

17 (Whereupon, the witness was excused.)

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19 MR. SHIOBARA: I call the witness OWADA,
20 Teiji.

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1 T E I J I O W A D A, called as a witness on
2 behalf of the defense, being first duly sworn,
3 testified through Japanese interpreters as
4 follows:

DIRECT EXAMINATION

6 BY MR. SHIOBARA:

7 Q Please give your name, date of birth, place
8 of birth and present address.

9 A My name is OWADA, Teiji. I was born in OITA
10 Prefecture. My present address is Shibuya Ward, Yoyogi
11 Oyama-cho 1071.

12 Q Will you give us briefly your curriculum data
13 and your official career?

14 A In 1915 I graduated from the English Law
15 Department of the Law College of Kyoto Imperial Uni-
16 versity. From 1917 until May of -- until August of
17 1918 I was an official in the -- until August of 1940
18 I was an official in the Ministry of Communications.
19 I was in the Ministry of Communications for twenty-
20 three years all together and during this time I held
21 the office of the chief of the Bureau of Electricity,
22 director of the Bureau for the Preparation of Electric
23 Power Control, and finally Vice-Minister of Communi-
24 cations which was the last position held.

25 Q Mr. Witness, were you personally connected

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1 as an official of the government with the enforcement
2 of the National Electric Power Control Law?

3 A On orders from the Minister of Communications
4 I was directly concerned with the drafting and carrying
5 it into effect of this law.

6 Q Did you read, Mr. Witness, the sections relating
7 to electric power in the statement given by Mr. Liebert
8 to this Tribunal?

9 A I read -- I heard over the radio and also
10 read in newspapers that Mr. Liebert had given testi-
11 mony on various economic and financial matters concern-
12 ing Japan and I also noticed that he had given testi-
13 mony in connection with the matter of electricity with
14 which I was directly connected, concerned, and so I
15 read the accounts of his testimony very briefly.

16 THE PRESIDENT: Didn't he read the evidence
17 as Mr. Liebert gave it in court? If he didn't, his
18 evidence isn't going to be as valuable as it might be.
19 If he read only a brief account of Mr. Liebert's
20 evidence he certainly isn't qualified to contradict
21 it.

22 Q I think I showed you the statement given by
23 Mr. Liebert to this Tribunal to you. Have you seen
24 it and read it?

25 A I read extracts from his testimony which

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1 dealt with electricity and electric power with which
2 was directly concerned.

3 THE PRESIDENT: Now, that isn't clear enough.
4 He said he read a brief account of the evidence. Did
5 he read all the evidence that Liebert gave about this
6 particular branch of industry?

7 Q Now, may I ask you, Mr. Witness, you have
8 read the entire statement of Mr. Liebert in connection
9 with electricity, did you not?

10 THE INTERPRETER: In so far as it relates to
11 electricity.

12 A I read all of what I considered to be Mr.
13 Liebert's statements regarding electric power and
14 electricity and also I read extracts from the trans-
15 cript of the proceedings of this Tribunal which related
16 to that subject.

17 THE MONITOR: Which related to Mr. Liebert's
18 examination and his statement.

19 THE PRESIDENT: You should not have led him
20 as to what he read, Mr. SHIOBARA.

21 A (Continued) When I said I read it over
22 briefly I didn't mean to say that I didn't read the whole
23 of it but to say that I didn't take the time to read
24 it with a scrupulous regard to every single detail of
25 that testimony.

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1 THE PRESIDENT: The position isn't a happy
one but we will recess now until half past one.

2 (Whereupon, at 1:00, a recess was
3 taken.)
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1 AFTERNOON SESSION

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3 The Tribunal met, pursuant to recess, at 1330,
4 the Honorable Henri Bernard, Member from the Republic
5 of France, now sitting.

6 MARSHAL OF THE COURT: The International
7 Military Tribunal for the Far East is now resumed.

8 THE PRESIDENT: Mr. SHIOBARA.

9 - - -

10 T E I J I O W A D A, called as a witness on behalf
11 of the defense, resumed the stand and testified
12 through Japanese interpreters as follows:

13 DIRECT EXAMINATION

14 BY MR. SHIOBARA (Continued):

15 Q What is the date of the enforcement of the
16 state control system of electric power?

17 THE MONITOR: Of the national electric power
18 control law.

19 A The main provisions of the national electric
20 power control law were put in force from the 10th
21 of August 1938.

22 Q Were there any cases where studies and
23 investigations were conducted concerning utilization
24 or control -- development or control of electric
25 power by government and civilian officials concerned
-- government officials and civilians concerned

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1 prior to enforcement of the present law? And if
2 there were any such cases please state the reasons
3 and circumstances leading up to the enforcement --
4 leading up to the investigation and studies, briefly.

5 A I have heard in connection with this
6 question of generating electric power from water --
7 when this whole question of developing water power
8 was brought up, the question of whether or not it
9 would be better to let the development of water be
10 carried out by non-governmental agencies, was quite
11 a serious one.

12 The reason is that since water power is a
13 natural resource it should be developed in a way
14 that would be of benefit to the public at large,
15 that it should not be used simply for the purpose of
16 making profit.

17 For these reasons this question was --
18 became a serious problem -- was considered a serious
19 problem from the very beginning of setting up our
20 administrative policy regarding this matter.

21 In order to generate electricity by water
22 power there is a great need for fixed assets and
23 consequently a large expense is necessary. And
24 therefore in the very beginning it was decided that
25 an appeal would be made to the people's desire for

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1 personal profits, and capital to begin such enter-
2 prise would be gathered in that way. Therefore,
3 whenever the use of water power was permitted it was
4 always on the understanding that in case of public
5 necessity such -- the privilege of such utilization
6 would be returned to the government.

7 THE PRESIDENT: Brigadier Quilliam.

8 BRIGADIER QUILLIAM: May it please the
9 Tribunal, we are reluctant to object, but we submit
10 that this evidence is quite irrelevant to any issue
11 in this case or to the evidence that he has come here
12 to give.

13 THE PRESIDENT: That is the impression I
14 have formed too, but I suppose we will have to per-
15 sist, to see if he is going to say something that
16 is relevant and material.

17 MR. SHIOBARA: This witness is called here
18 to -- not only to refute testimony given by Mr.
19 Liebert concerning state control of electricity, but
20 also to explain the real aspect of state control of
21 electricity that was enforced in Japan at that time.

22 A Therefore the government, for its part, has
23 for the past several decades always held to -- firmly
24 held to its -- to the principle that should an
25 occasion of public necessity arise the system of

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1 utilizing water power for profits would be changed
2 to a system of utilizing water power for the public
3 benefits. However, as time went on it was found
4 that the private ownership -- private utilization
5 of water power for profit, had several faults in it,
6 and therefore NODA, Utaro, who was Minister of
7 Communication from 1918 to 1921, concrete steps
8 were taken to investigate the advantages of public
9 control of electric power, and a draft plan was
10 tentatively formulated.

11 Concerning this problem at the time there
12 is a record of the questions and answers given in
13 the House of Peers on this problem between Mr.
14 NAKAJOJI, member of the House of Peers, and Minister
15 NODA.

16 THE PRESIDENT: This appears to be all very
17 remote from the real question, whether and to what
18 extent, if at all, the development of water power in
19 Japan was directed to war purposes more specifically.

20 A The reason I have given this answer -- these
21 answers -- is that on reading Mr. Liebert's testimony
22 I received the impression that Mr. Liebert strongly
23 stressed that the sole reason for the state control
24 of electric power was for -- to prepare for war,
25 and I wish to over+turn the basis of his testimony

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1 on the -- by revealing the fact that it was not that
2 at all, but that the Communications Ministry had
3 from the very beginning always considered this
4 problem of state control of electricity.

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1 Q Leaving it at that, I shall now ask you
2 about the circumstances leading up to the enforce-
3 ment of the electric power state control law, its
4 object and its contents. Will you answer to those
5 points briefly?

6 A Before answering this question, may I
7 state, Mr. President, that before -- the circumstan-
8 ces at the time this law was being considered and
9 leading up to the actual carrying out into effect
10 of this law were circumstances in which Japan found
11 herself -- correction -- which Japan found very --
12 faced with very serious aspects. May I therefore
13 state -- touch somewhat on these aspects, which I
14 believe to be of some importance?

15 THE PRESIDENT: They can be important
16 only so far as they bear on the issues, whether all
17 this development of water power in Japan was direc-
18 ted toward war purposes. We don't want a disser-
19 tation on the electric situation in Japan.

20 Brigadier Quilliam.

21 BRIGADIER QUILLIAM: May it please the
22 Tribunal, may I venture to remind the Tribunal that
23 Mr. Liebert gave evidence that until 1938, when this
24 control law was passed, all the generating companies
25 were private concerns. The issue raised by him

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1 was that from the adoption of that law the indus-
2 try became totalitarian.

3 THE PRESIDENT: Well, this witness purposed
4 to give evidence to the effect that for decades, I
5 think is the expression he used, they were tending
6 toward totalitarianism in public interest to avoid
7 the making of large profits by private industry.
8 Perhaps we have heard enough on that sub-issue.

9 BY MR. SHIOBARA:

10 Q Well, then, Mr. Witness, you are not re-
11 quired to explain in detail the circumstances lead-
12 ing up to the enforcement of this law, but explain
13 briefly the purpose of this law and the contents
14 of it so that the doubts will be cleared about this
15 question.

16 MR. SHIOBARA: Mr. President, I wish to get
17 leave of the Court to let this witness use his memo,
18 if he has any with him, if he comes across dates and
19 figures in the course of his testimony, so that he
20 can testify correctly.

21 THE PRESIDENT: He will always be allowed
22 to refresh his memory in a proper way. Proceed to
23 question him.

24 THE WITNESS: Then, I shall continue my
25 testimony.

The President has just referred to this

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1 question, to the fact that it seems that Japan-
2 ese industry was -- that we were trying to swing
3 Japanese industry towards totalitarianism, but as
4 far as electric power industry was concerned we had
5 no such idea. Only as far as electricity generated
6 by water power is concerned, this industry -- we
7 considered that that industry must be given a public
8 nature. Water power is almost the only natural re-
9 source of Japan. I understand that even in countries
10 such as America and the U.S.S.R., which have abund-
11 ant resources of water power, the opinion has been
12 held that the development of this water power should
13 be carried on as a public enterprise.

14 Now, if I may state the purpose -- now, if
15 I may state for what purpose we intended to develop
16 water power as a public enterprise, I believe that
17 self-sufficiency is the means by which a country
18 can avert war or autocracy; but as everybody knows,
19 Japan is a country which absolutely cannot become
20 a self-sufficient country.

21 THE PRESIDENT: His function here is to
22 contradict Liebert, if he can, that is, to make
23 statements of fact which are inconsistent with
24 Liebert's evidence. From the evidence given by
25 Liebert and the witness the Court will draw infer-

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1 ences of fact and on those facts will come to its
2 conclusion. This witness is endeavoring to argue
3 the case. Let him confine himself to statements of
4 fact.

5 MR. SHIOBARA: I understand. However, as
6 this witness is one of the leading figures who
7 contributed to the enactment of electric power state
8 control law, I thought it was useful to the Court
9 to listen to the opinion of this witness, which can
10 be treated as a fact.

11 THE PRESIDENT: No matter who he is, he
12 cannot decide questions which we must decide. In
13 his position he should have valuable knowledge,
14 apart from opinions, which would help us.

15 Q As Mr. President just pointed out, will
16 you try to avoid expressing your opinion and testify
17 on the basis of facts the purpose and the contents
18 of the electric power state control law?

19 A I understand well the President's advice.

20 One thing I do wish to say, however, is
21 that Mr. Liebert states at the very beginning of his
22 testimony concerning this matter that the electric
23 power state control law was passed for the sole pur-
24 pose of preparing for war.
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1 THE PRESIDENT: We said at the time we would
2 disregard that. We are not accepting Mr. Liebert's
3 opinions.

4 THE WITNESS: Thank you, sir.

5 I shall answer your question. One purpose
6 of the Electric Power State Control Law was to
7 insure development of Japanese water power over a long
8 period of time. That is to say, if the development of
9 water power were to have been continued in the way it
10 had been at that time, in a piecemeal sort of way, the
11 available water power in Japan would have been
12 exhausted in a very short time. Therefore, if this
13 method were to be changed for one of developing water
14 power on a large scale, unnecessary waste of water
15 power could be avoided and the water power could be
16 utilized in a most economical and useful way.

17 Next, concerning the situation relative to
18 each generating station, the western part of Japan is
19 very scarce in water power. In contrast, the eastern
20 part of Japan is rich in water power. Were these
21 generating stations in east and west to be joined
22 by power lines, the western section of Japan would be
23 able to economize on the coal which had hitherto been
24 used for generating purposes and do away with the
25 generation of electricity by coal. The economization

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1 of coal was another one of the purposes of this
2 Electric Power State Control Law.

3 Third, the question of sending power to agri-
4 cultural districts. In comparison with sending electric
5 power to agricultural districts, from a purely profit-
6 making point of view, it was much cheaper to send power
7 to large cities; and thus the electric power industry
8 had a tendency to concentrate around large cities.
9 Thus, when we compare the consumption of electric power
10 in Japan with that of other countries, we find that
11 the average consumption of electric power consumption
12 per person is 400 kilowatt hours. In America, this
13 average is 888 kilowatt hours. In Norway, one person
14 is using -- the average for one person works out to
15 as much as 3800 kilowatt hours.

16 Q You may look at your memo.

17 A Thank you. These figures mean that the
18 average household in Japan does not utilize electric
19 power as much as it should. And when we were consider-
20 ing this question of electric power control, we took
21 Switzerland as a model. That is to say, Switzerland,
22 like Japan, is a country which lacks natural resources.
23 But because the use of electric power was widely taken
24 advantage of in homes, small-scale factories with the
25 home as a unit grew up in Switzerland and thus aided in

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1 maintaining Switzerland's economy.

2 Therefore, we considered that Japan also must
3 develop household industries in order to maintain her
4 economy in the future. But we considered that if the
5 development of electric power were to be continued on
6 a profit-making basis, the bringing of electric power
7 to the household was impossible. Furthermore, as I
8 stated before, electricity can be supplied to large-
9 scale industries at a far lower cost than to ordinary
10 homes and smaller establishments. So that in connection
11 with this, the problem of antagonism between large
12 cities and rural areas also arose. It is for these
13 reasons that we drafted plans for large-scale develop-
14 ment and maintenance of electric power.

15 The next question naturally follows: Why did
16 these plans come to completion around the year 1938 --
17 why were these plans adopted around the year 1938?

18 I touched on this subject very briefly before.
19 But from around the year 1934 -- beginning from around
20 the year 1929, international bloc economies began to
21 be set up so that Japan was faced with the necessity
22 for setting up a minimum economy of self-sufficiency.

23 I wish to say at that time that we hoped that
24 by effectuating state control of electric power,
25 electric power would be made plentiful and also

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1 available to the public-at-large at low cost, which
2 would enable us to make use of other resources and to
3 maintain a minimum standard of living.

4 To sum up, the motives for the purpose of
5 effectuating state control of electric power by means
6 of water power was, first, to utilize available water
7 power in the most rational and effective manner, and
8 to utilize it so that it could be utilized one hundred
9 per cent.

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1 Next, to economize oil and coal which are
2 very scarce natural resources in Japan by the wider
3 use of electric power for heating purposes.

4 Third, to make plentiful the generation of
5 electric power, and thus to make it available at
6 low cost, and, as far as cost was concerned, to make
7 it available at a special low cost to whatever was
8 of a public nature, to make it the motive power for --
9 correction, by sending electric power to homes and
10 to agrarian areas, to encourage the development of
11 small-scale industries, and by synthesizing these
12 small-scale industries try to maintain Japan's economy.

13 Next, concerning the production of fertilizers,
14 Japan had been importing fertilizers such as nitrates
15 and sulphuric ammonia from abroad, but if electric
16 power were to be made more plentiful it would be
17 possible to manufacture these fertilizers to a certain
18 extent in Japan. And by these means we hoped to
19 increase the production of food to a certain extent
20 also.

21 In this way we hoped at least to establish
22 even some semblance of a self-sufficient economy, and
23 we considered that this was a symbol of a movement
24 for peace.

25 THE PRESIDENT: Well, you have told us what

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1 your hopes were. What were your achievements?

2 Liebert, as you know, gave evidence to the
3 effect that a very large proportion of electric power
4 was consumed in war industries, in those more directly
5 connected with the production of munitions of war and
6 implements of war.

7 MR. SHIOBARA: Just as you say, Mr. President.
8 However, in my last question I asked the witness to
9 testify about the contents of the Electric Power
10 State Control Law -- also to which the witness has
11 not replied yet.

12 THE WITNESS: Then, may I reply first of all
13 to the question from the defense counsel?

14 THE PRESIDENT: There is a limit to the
15 extent to which he can deal even with relevant and
16 material matters.

17 THE WITNESS: As for the question of what
18 the achievements of the execution of the Electric
19 Power Control Law were, we started from the premise
20 that in order to achieve what we hoped to achieve,
21 first of all, the large scale development of electric
22 power as well as the transmission of electric power
23 was necessary. Therefore, the basic policies on the
24 development of water power and the supply of electric
25 power were to be decided by the government. Therefore,

1 the government made the decisions as to the basic
2 policies. But in making these decisions they were
3 not drawn up merely by government officials, but on
4 the basis of questions submitted to the Electric Power
5 Investigation Committee and the replies which that
6 committee made. As for the composition of this
7 committee, the greater part of the members were repre-
8 sentatives of consumers and they consisted of members
9 of the House of Peers, members of the House of Repre-
10 sentatives and other people who had a high level of
11 intelligence and experience.

12 Now, in executing these policies drawn up by
13 the government on the basis of such questions and
14 answers, the government did not carry it out itself.
15 It set up a special company known as the Japan Elec-
16 tric Power Distribution, Generation and Transmission
17 Company, and made this company carry it out. This
18 company is a company set up as other companies. The
19 stockholders of this company are entirely private
20 individuals such as those of other companies.

21 Q When the Japan Electric Generation and
22 Transmission Company was established was there any
23 such law which was called "law for the development --
24 increase of production of electric power?" If there
25 was any such law, would you please explain what it

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is, briefly.

1 A Of course, there was a plan for the increase
2 of power production. However, as for the figures, I
3 do not have the details -- I do not have them down
4 to the very small numbers, so I should like to be
5 permitted to give them in round numbers. I do not
6 have the exact notes on the figures here.

7 Before that, I should like to state that
8 before the Electric Power Control Law there was an
9 Electric Power Business Law -- Enterprise Law. By
10 this law an electric commission was set up.

11 THE PRESIDENT: If this witness persists in
12 going in this roundabout way we may take control.
13 We may require him to answer our questions.

14 THE WITNESS: I shall soon reach my conclu-
15 sion.

16 By means of this electric commission the plans
17 for the increase of electric power were set up year
18 by year even before the promulgation of the Electric
19 Power Control Law. By the promulgation of the Electric
20 Power Control Law the only change made was that these
21 yearly plans were not drawn up by individual, small-
22 scale profit-making companies, but were drawn up by
23 this one Japan Electric Generation and Transmission
24 Company on a large scale.
25

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1 The development plans of the Japan Electric
2 Generation and Transmission Company were put into
3 effect in 1939 when a four-year plan was drawn up,
4 and this plan called for the development of 350,000
5 kilowatts per year. Besides this there were small-
6 scale generating stations operated by individual
7 factories and others, so that the total plans for
8 the production of electric power came to about
9 500,000 kilowatts per year.

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1 Q In this connection, Mr. Liebert said, as
2 the Tribunal also pointed out, that the electric power
3 works generated was almost all switched to war indus-
4 try. Now, Mr. Witness, will you explain the plans
5 for distribution of electricity which were in force
6 at the time you were connected with that enterprise?

7 A I have no exact recollection of how it was
8 planned to distribute electric power at the present
9 moment.

10 Q Is that all you have to say?

11 A We understand that at the same time of the
12 enforcement of the Electric Power State Control Law
13 a system or rather a commission by the name of
14 Extraordinary Electric Power Research Commission was
15 appointed.

16 Q Now, of what kind of people did this commission
17 consist?

18 A This commission was set up by the representa-
19 tives on this commission from the Communications Minis-
20 try, which was the parent ministry, who were merely
21 the Parliamentary Vice-Minister and the regular Vice-
22 Minister. Also, the regular Railway Vice-Minister was
23 also on this commission; but aside from these three
24 officials, of the thirty-five members of this commission
25 thirty-two were private individuals and were :

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1 representatives of the consumers of the electrical
2 enterprises or were men -- were intellectuals and men
3 of experience and were either members of the House of
4 Peers or of the House of Representatives.

5 Q What was the purpose of the control imposed
6 on the distribution of power?

7 A The question was not quite clear.

8 Q I said control on the distribution of power.

9 A Since this control of the distribution of
10 electric power was effected after my resignation from
11 the ministry my answer may not be very satisfactory.
12 I believe, however, from what I know, that the purpose
13 of this was that even if the Japan Electric Generation
14 and Transmission Company were set up, unless distribu-
15 tion agencies which directly distributed this electric
16 power to the consumers came under some kind of con-
17 trol, there would be not much sense in having set up
18 this company. And I also believe that the research
19 which was conducted in the Communications Ministry
20 on the British bridge system also had some effect in
21 determining this policy.
22

23 THE PRESIDENT: This man was called to
24 contradict Liebert. So far he has not devoted much
25 time to doing it.

Q I shall now ask you a simple question. At

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1 the outset of Mr. Liebert's testimony the following
2 is written. In the statement of Mr. Liebert it is
3 written:

4 "The electric power industry was one of the
5 first Japanese industries to be nationalized, and as
6 such one of the original pillars in the new structure
7 in support of total war."

8 As one of those who actually practically
9 dealt with the problem, would you answer to the
10 following two points?

11 THE PRESIDENT: I told you we disregarded
12 Liebert's opinion. Let him deal, if he can, with
13 the figures Liebert gave; otherwise his mission here
14 fails.

15 THE WITNESS: In view of the President's
16 previous ruling, that the opinions of Mr. Liebert
17 are to be disregarded, I do not think it is necessary
18 for me to answer this question. There is one thing
19 I would like to say as witness. The President has
20 stated that I was called here to refute Mr. Liebert's
21 testimony; but when I came here I had no idea that
22 I was being called for that purpose.

23 BRIGADIER QUILLIAM: May it please the
24 Tribunal, as I understood the witness, he announced
25 that he was about to make another speech not in answer

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1 to any question put by counsel.

2 THE PRESIDENT: He came here, he said, after
3 reading Liebert's evidence to reply to it, apparently.
4 That is the only conclusion I could draw. Why did he
5 read Liebert's evidence unless he was going to meet
6 it? He was not called here to confirm it, was he?

7 MR. SHIOBARA: As you say, we have shown
8 him Mr. Liebert's statement, and he also may have
9 testified, expressed his opinions. However, our
10 purpose of calling him here wasn't merely to refute
11 testimony made by Mr. Liebert, but it was also our
12 purpose to let him testify about the motives and
13 purpose for which the Electric Power Control Law was
14 enforced in those days, as the witness is one of
15 those who was responsible for the enforcement of
16 that law -- for the enactment of that law.

17
18 THE PRESIDENT: Well, subject to what my
19 colleagues think, I think we have heard enough on
20 those points. Can he deal with the figures that
21 Liebert gives?

22 MR. SHIOBARA: Mr. Liebert's testimony was
23 based mostly on the materials which he had obtained
24 from the Japanese Government, and as far as the
25 figures are concerned they are mostly correct. How-
ever, as to the conclusion drawn from those figures

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1 and object of those plans as interpreted by Mr.
2 Liebert, I should like to point out that there are
3 some facts, some conclusions and interpolations
4 which lead to misunderstanding. Therefore, I
5 called this witness here to let him testify about
6 the motives and purposes for which this man as one
7 of the leading figures in the enactment of the law
8 at that time held.

9 THE PRESIDENT: We will recess for fifteen
10 minutes.

11 (Whereupon, at 1445, a recess was
12 taken until 1500, after which the proceed-
13 ings were resumed as follows:)

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1 MARSHAL OF THE COURT: The International
2 Military Tribunal for the Far East is now resumed.

3 THE PRESIDENT: Brigadier Quilliam.

4 BRIGADIER QUILLIAM: May it please the Tribunal,
5 we do not propose to cross-examine the witness.

6 THE PRESIDENT: The witness is excused on
7 the usual terms.

8 (Whereupon, the witness was excused.)

9 MR. SHIOBARA: No redirect examination.

10 THE PRESIDENT: There can't be.

11 MR. S. OKAMOTO: I am counsel OKAMOTO, Shoichi.
12 I should like to call on OKADA, Kikusaburo as the next
13 witness.

14 This examination will be based on documents
15 841 and 842. I should like to know if the Bench has
16 those documents.

17 THE INTERPRETER: "Documents" should read
18 "exhibits."
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1 K I K U S A B U R O O K A D A, called as
2 a witness on behalf of the defense, being
3 first duly sworn, testified through
4 Japanese interpreters as follows:

DIRECT EXAMINATION

BY MR. S. OKAMOTO:

7 Q What is your name?

8 A OKADA, Kikusaburo.

9 Q Will you sum up your personal history?

10 A In 1918 I was commissioned Second Lieutenant
11 and since then have served in the army.

12 In 1943 I was appointed Major General.

13 THE PRESIDENT: What is your present address?
14 We must have that for identification purposes.

15 THE WITNESS: My present address is Tokyo City.

16 A (Continuing) In 1945 I was appointed a member
17 of the Military Affairs Bureau and was in that post when
18 the war ended. While I was in the Military Affairs
19 Bureau the war ended.

20 From 1935, except for a very short period,
21 I was in the War Preparations Section of the Mobilization
22 Bureau of the War Ministry and have been connected for
23 all that time with national mobilization and military
24 mobilization. Correction: I have been connected with
25 the formulation of plans for national mobilization

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1 and military mobilization.

2 MR. S. OKAMOTO: May the witness be shown
3 exhibits No. 841 and 842.

4 (Whereupon, the documents above re-
5 ferred to were handed to the witness.)

6 Q Were you connected in any way with -- correction
7 please -- With reference to document No. 841, I should
8 like to ask you, Mr. Witness, if you were connected in
9 any way with the outline -- with the drawing up of the
10 outline of the Five-Year Plan for production of war
11 materials, War Office, June 23, 1937; and now turning
12 to the exhibit No. 842, Essentials of the Five-Year
13 Program of important industries, War Ministry, 29 May
14 1937? Then the second part of the same document, Resume
15 of Policy Relating to Execution of Summary of Five-
16 Year Program of important industries, dated 10 June
17 1937, and, finally, the part three of the same document
18 entitled Outline of the Plan for the Expansion of
19 Productive Power by Planning Board.

20 THE MONITOR: Slight correction on the first
21 date. The date should read June 23, 1941. That is the
22 first date mentioned by the interpreter.

23 A Especially concerning exhibit 841, this was
24 drawn up by myself.

25 Q What was the original purpose for formulating

1 those plans?

2 A Each plan had a definite purpose, but, if I
3 should state that purpose in a word, it means the increase
4 of our national power.

5 Exhibit 841 is entirely concerned with military
6 plans. Exhibit 842 has a good deal of military aspects
7 in it, but it is a plan for the establishment of a
8 peace-time economy. At the time, our country was in a
9 position -- in such a position that it had to beware
10 of and to take measures to cope with the phenomenal
11 expansion in military power of the Russian -- of Soviet
12 Russia -- of the national power and military power.
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1 Q In those days what information did the army
2 receive concerning the development of industrial plans
3 in Russia and what estimates were made by the army
4 in those days?

5 A The U.S.S.R.'s development of its industries
6 could only be called startling after passing through
7 the first and second five year plans. If we take the
8 example of steel production, in 1929 it had attained a
9 pre-war level but after the completion of the first
10 and second five year plans it attained a level three
11 and a half times in excess of pre-war days. In 1933
12 the production of steel in -- correction: in 1933
13 the U.S.S.R. ranked third in the production of steel
14 among the countries of the world and second among the
15 countries of Europe. The following year it had ad-
16 vanced to second in the world and first among European
17 countries. A final report of the -- it was finally
18 disclosed that in 1937 the production of steel in the
19 U.S.S.R. had reached 17,700,000 tons. Furthermore,
20 we were in a position to believe that with the com-
21 pletion of the second five year plan the Soviet
22 Union was about to begin a third five year plan
23 energetically. In these circumstances we were forced
24 to come to the conclusion that Japan also should at
25 least endeavor to reach half of the Soviet Union's

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1 planned production at the time of completion of the
2 third five year plan.

3 Q How did the plans on the part of Japan
4 advance?

5 A The first demands the army made on the govern-
6 ment were that by the year 1941, which was the year
7 scheduled for the completion of the plan, the produc-
8 tion of steel in Japan and Manchuria would total ten
9 million tons. However, the enforcement of the plan
10 was delayed because of retarded decision of the govern-
11 ment and the first -- at the end of the first goal
12 the amount produced was a little lower than the expected
13 amount of production including 995 million tons in
14 Japan and 62 million tons in Manchuria, making a total
15 of 157 million tons.

16 THE INTERPRETER: 10,570,000 tons.

17 Q May we understand then that this plan was
18 based primarily on military needs?

19 A This plan was a plan for the establishment
20 of a peace time economy in which, however, a good
21 deal of the military element was included.

22 Q Those military requirements to which you
23 referred, do they mean that they were military require-
24 ments necessary to wage a war?

25 A No, we had no such idea of waging a war from

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1 our side.

2 Q What was the primary object of the establish-
3 ment of peace industry?

4 A Because many of Japan's important industries
5 depended for their raw materials heavily on imports
6 from abroad, the economic basis of our country was
7 very shaky and economic independence was not a reality.
8 Therefore, our country was at a great disadvantage in
9 international trade. This fact, as the world began
10 to divide up into blocs, became more and more severe.
11 Hitherto our country had been able to maintain a
12 precarious trade balance by developing the textile
13 industry -- primitive industries as well as a few light
14 industries. We believed that it was necessary at that
15 time that Japan should develop her heavy industries
16 so that she would be fully qualified as a modern state
17 and also for the future welfare of her people.

18 Q By what elements or factors were the periods
19 of those plans decided?

20 A At the time we believed that the Soviet Union
21 would embark upon a third five year plan and we
22 regulated our plan so that it would come to an end
23 around the time when we believed the -- in conjunction
24 with the third five year plan, but in reality there
25 is no special deep meaning behind the year on which

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1 our five year plan was scheduled to end.

2 THE INTERPRETER: The previous statement the
3 witness made should be corrected to: In drawing up
4 our plans for this five year plan we kept in mind
5 the Soviet's third five year plan -- the termination
6 period of the third five year plan.

7 A (Continuing) It goes without saying that
8 any plan for industrial development must naturally
9 cover a certain cycle of years and as it will be clear
10 if one glances at the documents of the War Ministry
11 we intended that when the first five year plan was
12 finished we would embark upon a second five year plan
13 and go along in those cycles of five years, so no
14 importance was placed on the end of 1941 when the first
15 five year plan was scheduled to end.

16 Q You have now referred to part one of War
17 Ministry Plans. Now by that did you mean Exhibit
18 No. 842?

19 THE INTERPRETER: The first part of exhibit
20 842. Is this the document you were referring to?

21 A Yes.
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1 Q Was the possible outbreak of the China
2 Incident -- was taken into consideration when those
3 plans were made?

4 A It was not in our minds at all.

5 Q Now, Mr. Witness, can you make it clear by
6 quoting passages from this document -- from these docu-
7 ments that the plans as announced in documents -- ex-
8 hibits number 841 and in parts 1 and 2 of exhibit 842
9 were not formulated in anticipation of the China
10 Incident?

11 (Whereupon, papers were handed to
12 the witness.)

13 Would the Marshal of the Court please leave
14 the document -- those documents in the hands of the
15 witness because he will require them often.

16 Q (Continuing) Will you examine those docu-
17 ments before giving your answer?

18 A I can prove that by many points. First, con-
19 cerning exhibit 841, Outline of the Five Year Plan for
20 Production of War Materials, this plan, because of the
21 sudden outbreak of the China Incident, was not even
22 used. It died a natural death.

23 Next, as to exhibit 842, this plan also --
24 because of the outbreak of the China Incident, the
25 plans of the various ministries which were in charge

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1 of the mobilization of goods were set completely awry
2 so that this plan -- the carrying out of this plan
3 during the year 1937 was not possible, and the actual
4 execution of this plan was only begun in 1938. There-
5 fore, this which was supposed to be a five year plan
6 became a four year plan. This can be ascertained if
7 we look at the heading of part 3 of exhibit 842 in
8 which the date on which this plan was decided by the
9 cabinet conference is given as well as on page 2 of
10 the same part where the yearly estimates for the pro-
11 duction of each kind of material are given.

12 Next, as for exhibit 841, as I stated, this
13 was not actually used because of the outbreak of the
14 China Incident which necessitated a much bigger --
15 much plans for the increase of production on a far
16 wider scale, especially for the mobilization of muni-
17 tions. And, in order to carry this out, and in order
18 to use as much as possible for military -- for direct
19 military consumption, the plans given in exhibit 842
20 had necessarily to be curtailed and changed in great
21 measure so that the actual carrying out of this plan
22 is quite different from the plan itself.

23 Fourth, both exhibits 841 and 842 planned
24 only a very limited economic control. But, because
25 of the unforeseen outbreak of the China Incident,

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1 first of all, the mobilization of industry was made
2 necessary and, second, a large scale economic mobiliza-
3 tion was made necessary. And finally, a total mobili-
4 zation of the national strength had to be carried out.

5 Lastly -- correction: These facts are proof
6 that, in drawing up these plans, we did not take all
7 possibilities into consideration and that, because of
8 the outbreak of the China Incident, these plans, in
9 their fundamental ideas, were set completely awry,
10 and we had to draw up new ones. In short, these plans
11 were only possible of execution and of being carried
12 out upon the assumption that a great incident or a
13 great war would not occur during the period of the
14 carrying out of that plan.

15 THE PRESIDENT: Witness, you are giving your
16 evidence in a way that we can hear, but there is no
17 need to speak so loudly. You have a microphone in
18 front of you. It is rather distressing to have to
19 listen to a loud voice in these circumstances.

20 Q Besides those plans, were there any plans in
21 Japan ready for waging of war against China?

22 A No.

23 Q Mr. Witness, you testified that the outline
24 of the Five Year Plan for Production of War Materials,
25 as set out in the exhibit No. 841, was abandoned be-

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24 of the Five Year Plan for Production of War Materials,
25 as set out in the exhibit No. 841, was abandoned be-

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1 fore its realization. Now, Mr. Witness, it was a very
2 important statement that you made there. Are you sure
3 that it was true?

4 A I am sure. There is no mistake.

5 Q Were any orders given -- were no orders
6 given concerning the execution of plans as embodied
7 in the exhibit No. 841?

8 A No, there were no such orders.

9 Q Does that mean, then, that those plans were
10 not official plans?

11 A They are official plans. These plans re-
12 ceived the approval of War Minister SUGIYAMA on June
13 23, 1937. But, in connection with this approval,
14 approval was not given which would actually carry
15 this plan into effect; that is, of conveying this
16 plan to the various departments of the army.

17 Q Why was not the approval obtained concern-
18 ing the carrying out of those plans?

19 A Before this plan could be carried out there
20 were many, many problems which had to be materialized --
21 which had to be taken care of. If this plan were to
22 be conveyed to the various departments of the army
23 without first taking care of these various problems,
24 it would be quite meaningless.
25

Q Were there any parts which concerned other

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1 ministries other than the War Ministry?

2 A Yes, there were.

3 Q How were they dealt with?

4 A Concerning plans which had to do with the
5 other ministries, those parts which could be embodied
6 in exhibit 842 were thus -- so embodied, and the re-
7 maining portions we planned to carry out after dis-
8 cussions with the various ministries concerned on each
9 occasion.

10 Q Were not the plans in exhibit 841 approved
11 by the War Minister after having gone through due con-
12 sultations with other ministries concerned?

13 A This plan was set up without any previous
14 consultation with other ministries. This plan was
15 merely an indication of the direction in which we
16 planned to go; and, in order to carry this plan out,
17 we intended to take up the various details of this
18 plan in consultation with other ministries one by
19 one.
20

21 Q Well, then, those plans -- correction,
22 please: Well, then, the Finance Minister was not con-
23 cerned with those plans -- as far as those plans go,
24 the Finance Minister had no connection whatsoever with
25 them.

A That is so; he had no connection with these

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1 plans -- this plan.

2 Q Does the document itself show that it -- or,
3 rather, those plans obtained the approval only of the
4 War Minister?

5 A If you look at the top of this document,
6 you will see the words "military secret" -- look at
7 the cover. If this document was a document to be
8 circulated among the various departments in the army,
9 in accordance with the regulations concerning secret
10 documents within the War Ministry, this document should
11 have been given -- specified as "Military Secret," and
12 then a number should have been given -- a classifica-
13 tion number should have been given.

14 Q However, is it not true that preparations for
15 the execution of those plans could be made later, sub-
16 sequent to the approval given by the War Minister?

17 A If the matter had been carried out according
18 to plan, probably it would have gone on in the direction
19 which you just mentioned. But, two weeks after June
20 23, when the War Minister's approval was given, the
21 Lukouchiao Incident suddenly broke out on July 7 --
22 correction: War Minister SUGIYAMA -- it was impossible
23 to carry out in detail and to try to put into effect
24 the various matters which pertained in this plan
25 within those short two weeks. But, upon the sudden

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1 outbreak of the China Incident, the army was faced
2 with the necessity of giving a much more detailed and
3 much more specific order which would adequately cover
4 the needs of the situation to the various departments
5 concerned instead of this very rough and small-scale
6 plan.

7 Q That is a very important point. Will you
8 enlarge on it?

9 A In order to meet the requirements of the
10 China Incident, it was necessary to have quite a
11 large supply of goods in order to fill up the attrition
12 which would be caused by war. However, exhibit 841,
13 the plan given in exhibit 841 is a peace-time plan and
14 was concerned with how to guide the development of
15 munitions industries with the small peacetime budget
16 of the army -- in the framework of the small peace-
17 time budget of the army.

18 With such a plan it was impossible to keep
19 up with the heavy losses which a war -- which the
20 incident would entail. In the first place, the plan
21 given in exhibit 841 is a plan based on -- which based
22 on the amount of the budget which the army expected
23 to be able to secure during the years 1937 to 1943.
24 The total amount of the budget which the army hoped
25 to secure in those seven years was three billion.

But, after the outbreak of the China Incident, first

an expenditure of three billion yen was authorized,
1 and then, in the extraordinary session of the Diet
2 which met in September of 1937, a special budget of
3 fourteen billion yen was authorized for the army.
4 That is to say, within only half a year -- within
5 barely half a year the army used approximately twenty
6 billion yen; and from 1938 and succeeding years, the
7 army's budget increased by several tens of billions.
8 I believe that this alone would suffice to clarify
9 the fact that this plan given in exhibit 841 was quite
10 insufficient to meet the requirements of the China
11 Incident.

12 Q Can you prove by quoting a passage or pas-
13 sages from the document 841 that those plans were
14 based upon peacetime -- small peacetime budgets?

15 A Yes, I can. To begin with, under No. 4
16 of the preface, these words are given: "From the
17 standpoint of controlling the pace of its execution,
18 this outline shall depend firstly on the basis of the
19 sixth war budget."

20 Next, on page 3, in the paragraph "1,
21 Policy," these words are given: "In order to cope
22 with the present situation and to establish the found-
23 ation of our national defense powers accompanying the
24
25

1 perfection of armaments" --

2 I should like to explain this in detail.

3 In 1936 the army believed that, in order to cope with
4 Soviet expansion, it was necessary to complete -- to
5 replenish military preparations in the six years be-
6 tween 1937 and 1942. Within the army this was called
7 "The Six Year Plan for Military Replenishment." After
8 negotiations with the Finance Ministry, the amount of
9 the budget which the War Ministry had originally
10 planned was cut, and the length of the years was
11 lengthened by one year so that it became a seven
12 year plan, and the total budget, thirty-three billion
13 yen, which the Finance Ministry at the time gave in-
14 formal consent -- to which. But this informal ap-
15 proval was given on the understanding that -- for the
16 actual spending of this money, discussions will be
17 conducted on the basis of the actual situation year
18 by year and after the whole thing had been presented
19 to the Diet for approval.

20
21 THE PRESIDENT: We will adjourn until half-
22 past nine tomorrow morning.

23 (Whereupon, at 1600, an adjourn-
24 ment was taken until Thursday, 13 March
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